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MINISTRY OF COMMERCE

RESOLUTION

TARIFFS

New Delhi, the 9th December 1964

No. 1(1)-Tar/64.—The Tariff Commission has submitted its Report on the continuance of protection to the Aluminium Industry on the basis of an inquiry undertaken by it under sections 11 (e) and 13 of the Tariff Commission Act, 1951. Its recommendations are as follows:—

- (1) Protection granted to aluminium ingots, bars, etc. covered by I.C.T. item No. 66 (1) and aluminium manufactures covered by I.C.T. item No. 66 (a) should be continued for a further period of four years ending 31st December 1968 at the existing rate of protective duty of 35 per cent *ad valorem*, exclusive of the surcharge and the countervailing excise duty.
- (2) In order to assist the aluminium industry to maintain its cost of production at a reasonable level, the existing concessional duty of 20 per cent *ad valorem*, standard and 10 per cent *ad valorem*, preferential on imports of alumina should continue for a further period of four years, i.e. upto 31st December, 1968 by which time the alumina plants for the new or expanded capacities will have been erected and commissioned.
- (3) While Government policy of granting fabricating capacities to primary producers of aluminium would contribute to economies of production and be in the long term interests of the consumer, the small and medium fabricators should be provided with their requirements of ingots.
- (4) Since it will be in the national interest to encourage the growth of the large units in this industry, while sanctioning new and

increased capacities Government should keep in view the size of the unit and the desirability of falling in line with the world trend towards the expansion of smelter capacities.

- (5) The future demand for aluminium will increase even faster than in the past. The objective of national policy should therefore be to develop this industry as fast as possible and to render it all assistance during its expansion.
 - (6) As bauxite is a basic raw material for the aluminium industry, it is important that there should be a uniform all-India policy in respect of grant of bauxite mining concessions. It is also necessary that these concessions should be granted to primary users of the ore in preference to others.
 - (7) As the present known deposits of bauxite are likely to be exhausted by about 1990, urgent steps are required to carry out extensive prospecting work both on the known and potential deposits.
 - (8) Aluminium is an industry of national importance. It is desirable that power rates applicable to this industry whose progress depends upon cheap, abundant and assured supply of electric power should, as far as possible, be uniform all over the country so that new units could be set up wherever power is available, without fear of unfair competition from other producers of the metal. The whole question should be examined in consultation with the State Governments and representatives of the State Electricity Boards and aluminium producers so that means may be devised to assure the industry of reasonably low tariff rates and uniformity and constancy of duties over long periods. Considering the high load factor, it should be in the interests of the States themselves to encourage this industry and to keep the rates chargeable to it constant and at a low margin of profit.
 - (9) The producers should review their pricing policies so as to fix their prices in fair relation to their costs of production.
2. Government accept recommendation (1). Necessary legislation in Parliament will be undertaken in due course.
 3. Government accept recommendation (2) above.
 4. Government have taken note of recommendations (3) to (8) and steps will be taken to implement them as far as possible. Attention of the State Governments is also drawn to recommendation (8).
 5. Attention of the producers of aluminium is drawn to recommendation (9).

ORDER

Ordered that the Resolution be published in the Gazette of India and a copy thereof communicated to all concerned.

D. N. BANERJEE

Joint Secretary to the Government of India.